SIA
FLAMES GROUP

Annual Report

for 2013

Contents

Information on the Company

Name of the company	*SIA Flames group*
Legal status	*Limited Liability Company*
Number, place and date of registration	*40103248897, Riga, 16 September 2009*
Legal address	*Kr. Barona iela 88, Rīga, LV-1001*
Postal address	*Kr. Barona iela 88, Rīga, LV-1001*
Head	*Svjatoslavs Belozjerovs*
Members of the Board and their positions	*Svjatoslavs Belozjerovs, Chairman of the Board*
Reporting year	*01.01.2013 – 31.12.2013*
Auditors	*KPMG Baltics SIA* *Vesetas iela 7* *Riga, LV-1013* *License No 55*

Management Report

Line of business

Short description of the Company's activities in the reporting year

The primary activities of the Company is the provision of telecommunication services.

The revenue from services provided in 2013 amounts to LVL 2 946 274.

Company's further development

In year 2014 the Company plans to develop its operating activities as follows: continue to develop billing system for its further sales; development of 2URack, which is directed to widen the range of potential customers by adapting the product's properties to consumers' needs and decreasing its price in comparison to competitors' products; optimisation of the Company's outward structure with the aim to increase foreign markets' penetration area; changes in organizational structure of the Company that includes clear sub-division of the Company by departments leading by department managers, more detailed determination of responsibilities that would lead to more co-ordinated actions between business process participants.

Subsequent events

No significant subsequent events have occurred since the last day of the reporting period that would materially impact the Company's financial statements as at and for the year ended 31 December 2013.

Suggestions regarding profit distribution

The result of the Company's basic operating activities is a profit of LVL 93 175. The profit is left undistributed.

SABIEDRĪBA AR IEROBEŽOTU ATBILDĪBU FLAMES GROUP LATVIJAS REPUBLIKA

Svjatoslavs Belozjerovs
Chairman of the Board

30 April 2014

Profit and Loss Statement for 2013

	Note	2013 LVL	2012 LVL
Net sales	2	2 946 274	1 161 588
Cost of goods sold	3	(2 756 090)	(1 075 441)
Gross profit		**190 184**	**86 147**
Selling expenses	4	(23 834)	(22 487)
Administrative expenses	5	(52 091)	(16 124)
Other operating income	6	21 076	8 393
Other operating expenses	7	(23 543)	(3 683)
Profit before tax		**111 792**	**52 246**
Corporate income tax for the reporting year	8	(19 099)	(7 236)
Deferred tax	8, 18	482	2 430
Current year's profit		**93 175**	**47 440**

The accompanying notes on pages 10 to 20 form an integral part of these financial statements.

Svjatoslavs Belozjerovs
Chairman of the Board

30 April 2014

Balance Sheet as at 31 December 2013

Assets	Note	2013 LVL	2012 LVL
Long term investments			
Intangible assets			
Other intangible assets		10 044	14 508
Total intangible assets	9	**10 044**	**14 508**
Property, plant and equipment			
Other fixed assets		4 119	6 240
Total fixed assets	10	**4 119**	**6 240**
Total long term investments		**14 163**	**20 748**
Current assets			
Inventories			
Raw materials		19 195	16 670
Goods ready for sale		4 882	9 012
Prepayments for goods		56 371	11 292
Total stock		**80 448**	**36 974**
Receivables			
Trade receivables	11	169 922	19 996
Other receivables	12	13 520	3 308
Accrued income		85	34 733
Total receivables		**183 527**	**58 037**
Cash	13	**83 385**	**4 219**
Total current assets		**347 360**	**99 230**
Total assets		**361 523**	**119 978**

The accompanying notes on pages 10 to 20 form an integral part of these financial statements.

Balance Sheet as at 31 December 2013

Liabilities	**Note**	**2013 LVL**	**2012 LVL**
Shareholders' equity			
Share capital	14	2 000	2 000
Retained earnings:	15		
retained earnings/(accumulated losses) brought forward from previous years		38 965	(8 475)
profit of the reporting period		93 175	47 440
Total equity		**134 140**	**40 965**
Long term liabilities			
Other long term liabilities	18	-	482
Total long term liabilities		**-**	**482**
Short term liabilities			
Accounts payable to suppliers and contractors	16	131 010	62 923
Taxes and social contributions	17	10 077	3 791
Other liabilities	19	425	261
Accrued liabilities	20	85 871	11 556
Total short term liabilities		**227 383**	**78 531**
Total liabilities		**227 383**	**79 013**
Total liabilities		**361 523**	**119 978**

The accompanying notes on pages 10 to 20 form an integral part of these financial statements.

Svjatoslavs Belozjerovs
Chairman of the Board

30 April 2014

Statement of Cash Flow for 2013

	Note	2013 LVL	2012 LVL
Cash flows from operating activities			
1. Profit before taxes		111 792	52 246
Adjustments for:			
depreciation;		6 891	5 160
2. Profit before adjustments for the effect of changes to current assets and short term liabilities		118 683	57 406
Adjustments for:			
(increase)/decrease of receivables;		(128 034)	43 517
(increase)/decrease of stock;		(43 474)	(35 722)
increase/(decrease) of accounts payable to suppliers, contractors and other creditors		142 571	(84 743)
3. Gross cash flows from operating activities		89 746	(19 542)
4. Corporate income tax		(10 274)	(5 758)
Net cash flows from operating activities		**79 472**	**(25 300)**
Cash flows from investing activities			
Purchase of fixed and intangible assets		(306)	(6 249)
Net cash flows from investing activities		**(306)**	**(6 249)**
Net increase in cash and cash equivalents		**79 166**	**(31 549)**
Cash and cash equivalents at the beginning of the period		**4 219**	**35 768**
Cash and cash equivalents at the end of the period	13	**83 385**	**4 219**

The accompanying notes on pages 10 to 20 form an integral part of these financial statements.

Svjatoslavs Belozjerovs
Chairman of the Board

30 April 2014

Statement of Changes to the Shareholders Equity for 2013

	Note	Share capital LVL	Retained earnings/(accumulated loss) brought forward from previous years LVL	Retained earnings / (loss) of the reporting year LVL	Total equity LVL
31.12.2011		**2 000**	**(4 377)**	**(4 098)**	**(6 475)**
Loss of 2011 transferred to accumulated loss of previous years		-	(4 098)	4 098	-
Profit for the year		-	-	47 440	47 440
31.12.2012		**2 000**	**(8 475)**	**47 440**	**40 965**
Profit of 2012 transferred to accumulated loss of previous years	15	-	47 440	(47 440)	-
Profit for the year		-	-	93 175	93 175
31.12.2013		**2 000**	**38 965**	**93 175**	**134 140**

The accompanying notes on pages 10 to 20 form an integral part of these financial statements.

Svjatoslavs Belozjerovs
Chairman of the Board

30 April 2014

(1) Summary of significant accounting principles

Information on the Company's activities

The primary activities of SIA Flames group is provision of telecommunication services. Business activity according to NACE 2.0 editorial:

- other telecommunication services (61.9);
- programming, consultation and related actitivites (62).

Basis of preparation

The financial statements have been prepared in accordance with the law "On Accounting" and the "Annual Reports Law".

The profit and loss statement was prepared according to the turnover costing method. The cash flow statement was prepared according to the indirect method. The financial statements are prepared on the historical cost basis.

Accounting principles

The financial statements were prepared in accordance with the following policies:

a) Going concern assumption that the Company will continue as a going concern
b) Consistent valuation principles with those used in the prior year.
c) Items were valued in accordance with the principle of prudence:

- the financial statements reflect only the profit generated to the date of the balance sheet;
- all incurred liabilities and current or prior year losses have been taken into consideration even if discovered within the period after the date of the balance sheet and preparation of the financial statements; and,
- all amounts of impairment and depreciation have been taken into consideration irrespective of whether the financial result was a loss or profit.

d) Income and expenses incurred during the reporting year have been taken into consideration irrespective of the payment date or date when the invoice was issued or received. Expenses were matched with revenue for the reporting period.
e) Assets and liabilities have been valued separately.
f) Certain balances for 2013 have been classified differently from the prior year. There is no impact on the financial result and total net assets from this change in classification. Prior year corresponding balances have been reclassified, where appropriate, to conform to current year presentation. Otherwise, opening balances agree to prior year closing balances.
g) All material items, which would influence the decision-making process of users of the financial statements, have been recognised and insignificant items have been combined and their details disclosed in the notes.
h) Business transactions are recorded taking into account their economic contents and substance, not the legal form.

Related parties

Related parties represent both legal entities and private individuals related to the company in accordance with the following rules.

a) A person or a close member of that person's family is related to a reporting entity if that person:
has control or joint control over the reporting entity;
ii. has significant influence over the reporting entity; or
iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
b) An entity is related to a reporting entity if any of the following conditions applies:

The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
iii. Both entities are joint ventures of the same third party.
iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
vi. The entity is controlled, or jointly controlled by a person identified in (a).
vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Financial instruments and financial risks

Financial instrument is an agreement that simultaneously results in financial assets of one party and financial liabilities or equity securities of the other party.

The key financial instruments held by the Company are financial assets such as trade receivables and other receivables and financial liabilities, accounts payable to suppliers and contractors and other creditors arising directly from its business activities.

Financial risks connected with the Company's financial instruments, financial risk management

Key financial risks related to the Company's financial instruments are:

- Currency risk – risk that the Company may suffer unexpected losses arising from fluctuations in the foreign exchange rates;
  The currency risk arises from sales, purchases and other monetary assets and liabilities denominated in USD.
- Liquidity risk – risk that the Company will not be able to meet its financial liabilities in due time.

Management has implemented the following procedures to control key (or significant) risks.

Currency risk

For the purposes of currency risk management, the Company's management performs regular oversight to ensure that the currency structure of assets and liabilities is matched.

Liquidity risk

The Company is monitoring its liquidity risk by maintaining appropriate level of cash and cash equivalents.

Use of derivative financial instruments

Derivative financial instruments are not used for hedging risks.

Reporting period

The reporting period is the 12 months from 1 January 2013 to 31 December 2013.

Currency unit and revaluation of foreign currency

All amounts in these financial statements are expressed in the Latvian national currency – lats (LVL).

Foreign currency transactions are translated into Latvian lats applying the official exchange rate established by the Bank of Latvia at the transaction date.

All monetary asset and liability items were revalued to lats according to the exchange rate of the Bank of Latvia on the last day of the reporting year. Non-monetary items of assets and liabilities, and foreign exchange transactions are revalued to lats in accordance with the exchange rate set by the Bank of Latvia on the transaction date.

	31.12.2013	**31.12.2012**
EUR	0.7028	0.7028
USD	0.5150	0.5310

Profit or loss arising from the fluctuations in the exchange rate on assets and liabilities denominated in a foreign currency are recognized in the profit and loss statement in the respective period in which the fluctuation occurs.

Estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in the accounting estimates are recognised in the period when those estimates are reviewed and in the future periods.

Key sources of estimation uncertainty are the following:

(i) Impairment

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

(ii) Useful lives of fixed and intangible assets

Management estimates the useful lives of fixed and intangible assets in proportion to the expected duration of use of the asset (its expected capacity or effectiveness) based on historical experience with similar fixed assets and future plans. According to management estimates, the useful lives of certain fixed and intangible assets are the following:

Intangible assets:	
Other intangible assets	5 years
Property, plant and equipment:	
Other fixed assets	3 years

(iii) Net realizable value of inventories

Inventories are measured at the lower of cost and net realizable value. Management has to estimate the value of inventories whenever there are indications that the recoverable amount of inventories may have decreased below their carrying amount. If this occurred, inventories are written down to their net realizable value, i.e., the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

(iv) Valuation of receivables

A number of significant risks and uncertainties are inherent to the process of monitoring financial assets and estimating impairment. These risks and uncertainties include the risk the Company's assessment of the clients' ability to meet all their liabilities will change according to changes in the clients' credit ratio and the risk that the economic situation will deteriorate beyond expected.

Receivables are valued according to the principle of prudence and recognized at net amount due less allowances for doubtful loans and trade receivables.

Doubtful debt allowances are recognized based on an individual management assessment of the recoverability of each receivable.

(v) Deferred tax asset

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax amounts are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Revenue recognition

Income from services
Revenue from services provided is recognized in the profit and loss statement as generated.

Income from sales of goods
Revenue from sales of goods is recognized in the profit and loss statement after the risks and rewards of ownership are transferred to the customer.

Long and short term classification

Amounts whose terms of receipt, payment or write off are due more than one year after the balance sheet date are classified as long term. Amounts to be received, paid or written off within one year of the balance sheet date are classified as short term.

Lease transactions

Operating lease
Payments for operating lease are recognized in the profit and loss statement on a straight line basis over the period of lease.

Fixed and intangible assets

Intangible assets and fixed assets are recognised at historical cost, less accumulated amortization and depreciation. Amortization and depreciation is calculated from the first day of the month following their putting to operation until the first day of the month following their disposal. Amortization and depreciation is calculated on a straight-line basis and written-off over the useful lives of the assets.

The depreciation method is reviewed at least on an annual basis, at the year-end.

Stock

Stock has been valued according to the FIFO method.

Stock accounting is based on the perpetual method.

Corporate income tax

Corporate income tax comprises current and deferred tax. Corporate income tax is recognized in the profit and loss statement.

Current tax

Current income tax is calculated in accordance with the law “On Corporate Income Tax” by setting the amount of taxable income and applying a tax rate of 15%.

Deferred tax

Deferred tax is provided on all temporary differences between the carrying amounts of assets and liabilities for financial reporting using the balance sheet method providing for purposes and the amounts used for taxation purposes. These differences have primarily occurred due to different depreciation rates used for fixed assets in tax accounting and financial accounting, recognized provisions and tax losses available to be carried forward according to the tax declaration. Deferred tax is calculated based on the statutory rate of 15%.

(2) Net sales

Net sales represents revenue generated during the reporting period from the Company's basic activities – sales of services, net of value added tax and discounts.

Line of business	**2013 LVL**	**2012 LVL**
Telecommunication services	2 751 437	1 161 588
Sale of telecommunication equipment	194 837	-
	2 946 274	**1 161 588**

Net sales by geographic markets:

	2013 LVL	**2012 LVL**
EU countries	2 393 103	729 292
Third countries	522 410	432 296
Latvia	30 761	-
	2 946 274	**1 161 588**

(3) Cost of goods sold

Cost of goods sold represents costs incurred for generating net sales – such as costs of services recognized at acquisition cost, and costs related to purchase of services.

	2013 LVL	**2012 LVL**
Costs related to services	2 656 028	1 075 441
Cost of goods sold	93 101	-
Server lease	6 961	-
	2 756 090	**1 075 441**

(4) Selling expenses

	2013 LVL	**2012 LVL**
Advertisement and representation expenses	14 852	22 487
Delivery expenses	8 982	-
	23 834	**22 487**

(5) Administrative expenses

	2013 LVL	**2012 LVL**
Professional expenses	34 107	-
Expenses on cash turnover	3 553	1 277
Personnel costs	2 400	2 400
Business trip expenses	2 056	6 720
Communication expenses	838	389
Compulsory state social security contributions	578	578
Representation expenses	290	441
Risk duty	3	3
Other expenses	8 266	4 316
	52 091	**16 124**

(6) Other operating income

	2013 LVL	2012 LVL
Other income	21 076	4 378
Profit from currency exchange fluctuations	-	4 015
	21 076	**8 393**

(7) Other operating expenses

	2013 LVL	2012 LVL
Doubtful debt allowance	8 187	(10724)
Amortization of intangible assets	4 464	4 464
Audit expenses	3 909	3 402
Expenses on currency translation	3 377	-
Depreciation	2 427	696
Loss on doubtful debt write off	1 096	-
Penalties	83	-
Other expenses	-	5 845
	23 543	**3 683**

(8) Corporate income tax for the reporting year

	2013 LVL	2012 LVL
Current tax in line with the declaration	19 099	7 236
Deferred tax	(482)	(2 430)
	18 617	**4 806**

Reconciliation of the effective rate of corporate income tax:

	2013 LVL	2012 LVL
Profit before taxation	111 792	52 246
Theoretical corporate income tax, 15%	16 769	7 837
Effect of non-deductible expenses	1 401	205
Change in unrecognized deferred tax asset	874	-
Other temporary differences	(427)	(3 236)
Corporate income tax for the reporting year	**18 617**	**4 806**

(9) Intangible assets

	Other intangible assets LVL
Historical cost	
31.12.2012	**22 320**
31.12.2013	**22 320**
Accumulated depreciation	
31.12.2012	**7 812**
Depreciation	4 464
31.12.2013	**12 276**
Balance as at 31.12.2012	**14 508**
Balance as at 31.12.2013	**10 044**

(10) Fixed assets

	Other fixed assets LVL
Historical cost	
31.12.2012	**7 073**
Additions	306
31.12.2013	**7 379**
Accumulated depreciation	
31.12.2012	**833**
Depreciation	2 427
31.12.2013	**3 260**
Balance as at 31.12.2012	**6 240**
Balance as at 31.12.2013	**4 119**

(11) Trade receivables

	2013 LVL	2012 LVL
Trade receivables, gross value	179 189	21 076
Allowance for doubtful debts	(9 267)	(1 080)
	169 922	**19 996**

(12) Other receivables

	2013 LVL	2012 LVL
Overpaid taxes	12 978	2 808
Other receivables	542	500
	13 520	**3 308**

(13) Cash

By currency:		2013 Valūta	2013 LVL	2012 Valūta	2012 LVL
Current account	LVL	-	840	-	3
Current account	USD	44 860	23 103	7 940	4 216
Current account	EUR	84 578	59 442	-	-
			83 385		**4 219**

(14) Share capital

Share capital of the Company as at 31 December 2013 is LVL 2,000 and it is divided into 200 shares with the nominal value of LVL 10.

(15) Retained earnings

According to Shareholders' Meeting decision profit of 2013 in the amount of LVL 93 175 will be remained undistributed and allocated to development of the Company.

(16) Accounts payable to suppliers and contractors

	2013 LVL	2012 LVL
Accounts payable to suppliers and contractors	131 010	62 923
	131 010	**62 923**

(17) Taxes and social contributions

Type of tax	Balance at 31.12.2012 LVL	Calculated in 2013 LVL	Repaid back / (Paid in) 2013 LVL	Transfer from/ to other taxes in 2013 LVL	Balance at 31.12.2013 LVL
Corporate income tax	3 791	19 099	(10 274)	(2 544)	10 072
Value added tax	(2 808)	(20 553)	7 767	2 616	(12 978)
Social contributions	-	843	(772)	(70)	1
Personal income tax	-	516	(510)	(2)	4
Risk duty	-	3	(3)	-	-
	983	**(92)**	**(3 792)**	**-**	**(2 901)**
Including:					
Overpaid taxes	(2 808)				(12 978)
Tax liabilities	3 791				10 077

Overpaid taxes are disclosed under other receivables.

(18) Deferred tax liabilities

Deferred tax relates to the following temporary differences:

	2013 LVL		2012 LVL	
	aktīvi	**saistības**	**aktīvi**	**saistības**
Depreciation	-	516	-	644
Allowance for doubtful debts	1 390	-	162	-
(Unrecognized deferred tax asset)	(874)	-	-	-
Net deferred tax liability	**-**	**-**	**-**	**482**

	2013 LVL	2012 LVL
Deferred tax liabilities, beginning of the period	**482**	**2 912**
Changes in deferred tax recognized in the income statement	(482)	(2 430)
Deferred tax liabilities, end of the period	**-**	**482**

(19) Other liabilities

	2013 LVL	2012 LVL
Remuneration	132	-
Other liabilities	293	261
	425	**261**

(20) Accrued liabilities

	2013 LVL	2012 LVL
Accrued liabilities for non-received invoices	85 871	11 556
	85 871	**11 556**

(21) Number of employees

	2013	2012
Average number of employees in the reporting year	1	1

(22) Personnel costs

Type of costs	2013 LVL	2012 LVL
Remuneration	2 400	2 400
Compulsory state social security contributions	578	578
	2 978	**2 978**

(23) Information on remuneration to sworn auditors

Administrative expenses include a fee paid to the commercial company of sworn auditors for the audit of the financial statements. During the reporting period, the Company did not receive any other services from the auditor. Information on contingent liabilities and pledged assets

(24) Information on contingent liabilities and pledged assets

Company was the Guarantor securing claims of Rietumu Banka AS, which arise from the Overdraft agreement concluded as at 15 Septebmer 2010 between the Rietumu Banka AS and Mannix International L.P.

(25) Information on operating lease and rent agreements with a significant impact on the Company's activities

The Company has signed one operating lease agreements for lease of servers. According to effective finance lease agreements, in future reporting periods the company is required to make the following payments:
In 2014 LVL 27 831

(26) Subsequent events

On 1 January 2014 the Republic of Latvia joined the euro-zone and the Latvian Lat was replaced by the euro. As a result, Company converted its financial accounting to euros as from 1 January 2014 and the financial statements for subsequent years will be prepared and presented in euros.

Future comparative information will be translated into euros using the official exchange rate of LVL 0.702804 to EUR 1.

No significant subsequent events have occurred since the last day of the reporting period that would materially impact the Company's financial position for the year ended 31 December 2013.

KPMG Baltics SIA
Vesetas iela 7
Riga LV 1013
Latvia

Phone +371 670 380 00
Fax +371 670 380 02
Internet: www.kpmg.lv

Independent Auditors' Report

To the shareholder of SIA Flames Group

Report on the Financial Statements

We have audited the accompanying financial statements of SIA Flames Group ("the Company"), which comprise the balance sheet as at 31 December 2013, and the profit and loss statement, statements of changes in shareholder's equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 20.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the *Annual Reports Law*, applicable in the Republic of Latvia and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of SIA Flames Group as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with the *Annual Reports Law*, applicable in the Republic of Latvia.

Report on Other Legal and Regulatory Requirements

In addition, our responsibility is to assess whether the accounting information included in the Management Report, as set out on page 4, the preparation of which is the responsibility of management, is consistent with the financial statements. Our work with respect to the Management Report was limited to the aforementioned scope and did not include a review of any information other than drawn from the financial statements of the Company. In our opinion, the management report is consistent with the financial statements.

KPMG Baltics SIA
License No 55

Armine Movsisjana

Armine Movsisjana
Member of the Board
Sworn Auditor
Certificate No 178
Riga, Latvia
30 April 2014

This report is an English translation of the original Latvian. In the event of discrepancies between the two reports, the Latvian version prevails.